

## Development Opportunities in Upper Egypt

Urban development within Egypt has been long focused on the capital city, Cairo, making it the focus of developer activity for decades. Noticeably, Greater Cairo has now become over crowded with real estate projects, across different asset classes and sectors. The level of competitiveness and ease of market entry means the Cairo market is becoming more saturated year by year.

More and more developers are now recognizing the potential of other regions within Egypt. The latest interest has been focused on the resource rich region of Upper Egypt, where many of those living in Greater Cairo originate from.

In response to this developer curiosity, JLL analysed the potential of this region and presented its findings at the Cityscape Breakfast event in January 2018. Seven of Egypt's 27 governorates (provinces) are located in the Upper Egypt area, holding 24.4 million residents (25%) of the country's total population. Upper Egypt spans across 156,000 km<sup>2</sup>, representing 15% of Egypt's total area.

Most of the recent development activity in Upper Egypt has been focused on a series of new satellite cities under the jurisdiction of NUCA. These new cities are meant to absorb the region's growing population in a more organized format that includes services and amenities. The sustainability of existing economic activities and the creation of new economic pillars requires additional infrastructure and support facilities. The Urban Planning Authority has been undertaking the role of infrastructure and Urban Development support through the National Roads' Projects.

Following a thorough study of the region, it is evident that although Upper Egypt has a large population base growing at a rate higher than that of Greater Cairo, this region is still under supplied with modern real estate projects. Market research indicates that a major reason for this under supply is that developers and investors currently regard the lack of government spending on infrastructure and supporting facilities as a major constraint on the success of projects.

Most interest has been shown by developers with an existing business in this region, many of which are related to its abundant natural resources. Joining the first wave of investment expansion is considered likely to provide developers with a competitive edge and allow them to attract a large market share.

JLL's research concludes that the residential sector is likely to be the focal point for the initial wave of development in Upper Egypt and that this will then act as the catalyst for the subsequent growth of other activities (especially in the education and healthcare sectors).

Given the high population growth rate in Upper Egypt, there are also opportunities for modern retail facilities in many of the growing communities. While there is currently a requirement for government support in the form of spending on infrastructure and support

services, this requirement may be relatively short lived as the initial round of developments could create a sufficient pool of demand for future projects.